

**PUBLIC DISCLOSURE**

March 8, 2004

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**SPENCER SAVINGS BANK**

176 MAIN STREET  
SPENCER, MA 01562-0912

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## **GENERAL INFORMATION**

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **SPENCER SAVINGS BANK** (or "the Bank") prepared by the Division, the institution's supervisory agency.

**INSTITUTION'S CRA RATING: This institution is rated "OUTSTANDING"**

### **Loan to deposit ratio**

The loan-to-deposit ratio has averaged 84.5% for the period of March 31, 2002 to December 31, 2003. The ratio has decreased slightly from an average of 86.0% during the last FDIC examination on June 30, 1999. The ratio has been on a decreasing trend since that time, and stood at 82.1 percent as of December 31, 2003.

Although the Bank's loan-to-deposit ratio declined for the period under review, it remains strong. This is evident, when considering peer information and the level of loans the Bank sold during the period under review. Given these factors, the Bank's performance for this criterion exceeds the standards for satisfactory performance.

### **Credit extended Inside and Outside the assessment area**

Based on the 2002 and 2003 Home Mortgage Disclosure Act (HMDA) data, approximately 75.3 percent of the Bank's loans were inside the assessment area. Given this figure, the Bank meets the standards for satisfactory performance.

### **Distribution of Credit among Individual of Different Incomes**

The distribution of loans to borrowers of different income levels represents an excellent penetration among the various income levels in the assessment area. In addition, when compared to all other lenders in the assessment area, the Bank's performance in lending to low- and moderate-income borrowers exceeds all other HMDA-reportable lenders in 2002. An analysis of mortgage originations indicated that 25.8 percent of the total number of originations went to low and moderate-income borrowers in 2002 and 2003. As a result, the Bank was ranked first in lending to low-income individuals and first to moderate-income individuals in 2002. Consequently, the Bank's performance for this criterion is considered to exceed the standards for a satisfactory performance.



## **Geographic Distribution of Loans**

Although there are no low-income census tracts, the Bank had a substantial penetration of lending to moderate-income census tracts (13.0%) for 2002 and 2003. As a result, the Bank was ranked first for lending activity in moderate-income census tracts. In addition, when compared to all other lenders in the assessment area, the Bank's lending activity in moderate-income census tracts exceeds all other HMDA reportable lenders in 2002. Given this information, the Bank is considered to exceed the standards for satisfactory performance in this category.

## **Response to Complaints and Fair Lending**

The Bank has not received any CRA related complaints since the prior examination. The Bank's fair lending performance was found to be satisfactory at this time.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

The Bank is a mutually-owned financial institution, incorporated under the laws of the Commonwealth of Massachusetts in 1871. The Bank is headquartered at 176 Main Street in Spencer, Massachusetts, and operates four additional full-service branch offices located in the Fair Plaza in Spencer, Warren, Rutland, and Leicester (opened November 1999). The main office and the branch offices offer drive-up tellers with extended hours. All offices have Automated Teller Machines (ATMs) that are linked to Novus, Discover, Visa, and MasterCard. The Bank maintains four free-standing ATMs; two in convenience stores in Rutland, one in the Victory market in North Brookfield, and one in the Flexcon Corporation in Spencer. The Bank is a member of the SUM network, allowing the Bank's ATM cardholders surcharge-free use of other member institutions' ATMs.

Hours of operation are convenient and include extended hours on Thursday evenings and Saturday mornings in all branch locations. The Fair Plaza office, Rutland office, and the Leicester office maintain extended hours on Friday. The main office loan department is open until 7:00 P.M. on Mondays.

The Bank operates in a very competitive market. Locally-based competitors include: Country Bank for Savings; North Brookfield Savings; Webster First Federal Credit Union; and Southbridge Savings Bank. In addition, representatives of several regional and national mortgage companies operate within the Bank's assessment area. These market influences are significant and serve to keep the Bank's products and services priced at a competitive level.

The FDIC last examined the Bank for compliance with the Community Reinvestment Act on June 30, 1999. That examination resulted in an Outstanding rating.

## Description of Institution (continued)

As of December 31, 2003's FDIC Call Report of Condition, the Bank had \$255.6 million in total assets; of which, total loans represented \$176.1 million, or 68.9 percent, of total assets. Approximately, 82.8 percent of the Bank's loan portfolio is in real estate loans, with 58.2 percent of those loans secured by 1-4 family real estate. The following table details the composition of the loans.

**Loan Portfolio Composition**

<b>Loan Type</b>	<b>Amount (000s)</b>	<b>Percent</b>
One to Four-Family Residential Mortgages	\$102,403	58.2%
Construction and Land Development	\$21,567	12.2%
Consumer Loans	\$17,542	10.0%
Equity Lines of Credit	\$12,950	7.4%
Commercial and Industrial	\$11,030	6.3%
Multifamily (5 or more ) residential	\$6,068	3.4%
Commercial Real Estate	\$2,479	1.3%
Other	\$2,045	1.2%
<b>Total Gross Loans</b>	<b>\$176,084</b>	<b>100.0</b>

Source: December 31, 2003 Consolidated Report of Condition.

A community contact was conducted during the examination and provided relevant information on the assessment area. The contact was conducted in Spencer with a 32-year resident that provides credit to individuals within the local area.

## Description of Spencer

The Bank's main office is located in the town of Spencer in central Worcester County. Spencer is located approximately twenty minutes west of Worcester and forty-five minutes east of the City of Springfield. Largely a residential community, Spencer is a supplier of workers for nearly every industry in the greater Worcester area due to ease of travel to all sections of the county. Spencer is home to several large dairy farms and the largest employers include FlexCon, Mercury Wire, the Town of Spencer and several service oriented retail establishments.

## Description of Assessment Area

CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Bank's assessment area consists of the towns of Brookfield, Charlton, East Brookfield, Holden, Leicester, North Brookfield, Oakham, Paxton, Rutland, Spencer, Warren, West Brookfield. All of the towns with the exception of Warren, are located in the Worcester Metropolitan Statistical Area (MSA).

## **Description of Assessment Area (continued)**

The median home value of the assessment area is \$136,009, based on 1990 US Census Data. As of year-ending December 2003, the median sales price for a home was \$212,119, based on Bankers & Tradesman's compiled sales statistics. According to this publication, home prices ranged from a low of \$138,000 in North Brookfield to a high of \$282,813 in the Town of Brookfield.

### **2002 ASSESSMENT AREA**

Based on the 1990 census data, the Bank's assessment area was comprised of 16 census tracts. Of these, no tracts were designated as low-income; 1 tract (or 6.3%) was moderate-income; 10 tracts (62.5%) were middle-income; and 5 tracts (31.2%) were upper-income. The one moderate-income tract is comprised of the town of Brookfield.

Assessment area housing data, based on 1990 Census Data, indicated that there are 28,149 housing units, of which 71.2 percent are owner-occupied, 23.2% are rental and 6.8% are vacant. The area's total population is 74,215 persons. The area contains 26,275 households, of which 5.0% are below poverty level, 26.0% receive social security and 5.0% receive public assistance.

### **2003 ASSESSMENT AREA**

Utilizing the 2000 census data, the Bank's assessment area contains 17 census tracts. Of these none, were designated as low-income; 2 or 11.8%, moderate-income; 9 or 52.9%, middle-income; and 6 or 35.3%, upper-income. The moderate-income census tracts are located in the towns of Spencer and Warren.

Assessment area housing data, based on 2000 Census Data, indicated that there are 30,644 housing units, of which 74.2 percent are owner-occupied, 22.3% are rental and 5.1% are vacant. The area's total population is 79,869 persons. The area contains 29,094 households, of which 5.0% are below poverty level, 26.0% receive social security and 1.0% receive public assistance.

## **Change in Demographics**

In 2003, the US Census Bureau released its revised demographics based upon 2000 census data. The following table reflects both the 1990 and 2000 census data of the Bank's assessment area by census tract income groupings. This information is being included as a precursor for future examinations as well as for the Bank's future reference. In addition, the percentage change in the number of census tracts by income grouping is also reflected.

## Change in Demographics (continued)

Change in Assessment Area Demographics					
Census Tracts	1990 Census Data		2000 Census Data		% Change in Number of Census Tracts
	#	%	#	%	
<b>Low</b>	0	0.0%	0	0.0%	0.0%
<b>Moderate</b>	1	6.3%	2	11.8	100.0%
<b>Middle</b>	10	62.5%	9	52.9	-10.0%
<b>Upper</b>	5	31.2%	6	35.3	20.0%
<b>NA</b>	0	0.0%	0	0.0%	
<b>Total</b>	16	100.0	17	100.0	6.3%

Source: PCI Services, Inc., CRA Wiz Software.

Moderate-income census tract increased by 1 (or 100%) in the 2000 census data. The Town of Warren went from a middle-income census tract in 1990 to a moderate-income census tract in 2000. In addition, one census tract in the town of Spencer went from a middle-income tract in 1990 to a moderate-income tract in 2000. Conversely, the 10 middle-income census tracts according to the 1990 census data decreased to 9 or 10.0 percent according to the 2000 census data. In addition, the 5 upper-income census tracts increased to 6 or 20.0 percent. Overall, the number of census tracts increased from 16 to 17, a 6.3 percent increase.

Unemployment figures were obtained for the assessment area. As of January 31, 2004, the assessment area had an unemployment rate of 7.2 percent. The Town of Oakham had the highest rate (10.55%) while the Town of Paxton had the lowest rate (2.8%). The assessment's area's unemployment rate was higher than the statewide average of 6.2% percent.

### **Description of Aggregate Data Utilized/Lending Activity**

Aggregate institutions, for lending purposes only, is comprised of 283 lenders, mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions which have either originated or purchased residential mortgage and/or home improvement loans within the Bank's assessment area (source: CRA Wiz Software). Those institutions which were ranked the top five for overall lending within the Bank's assessment area include: Fleet National Bank (6.4%); Spencer Savings Bank (6.3%); Countrywide Home Loans (5.8%); Washington Mutual Bank, FA (5.6%) and Ohio Savings Bank (4.0%).

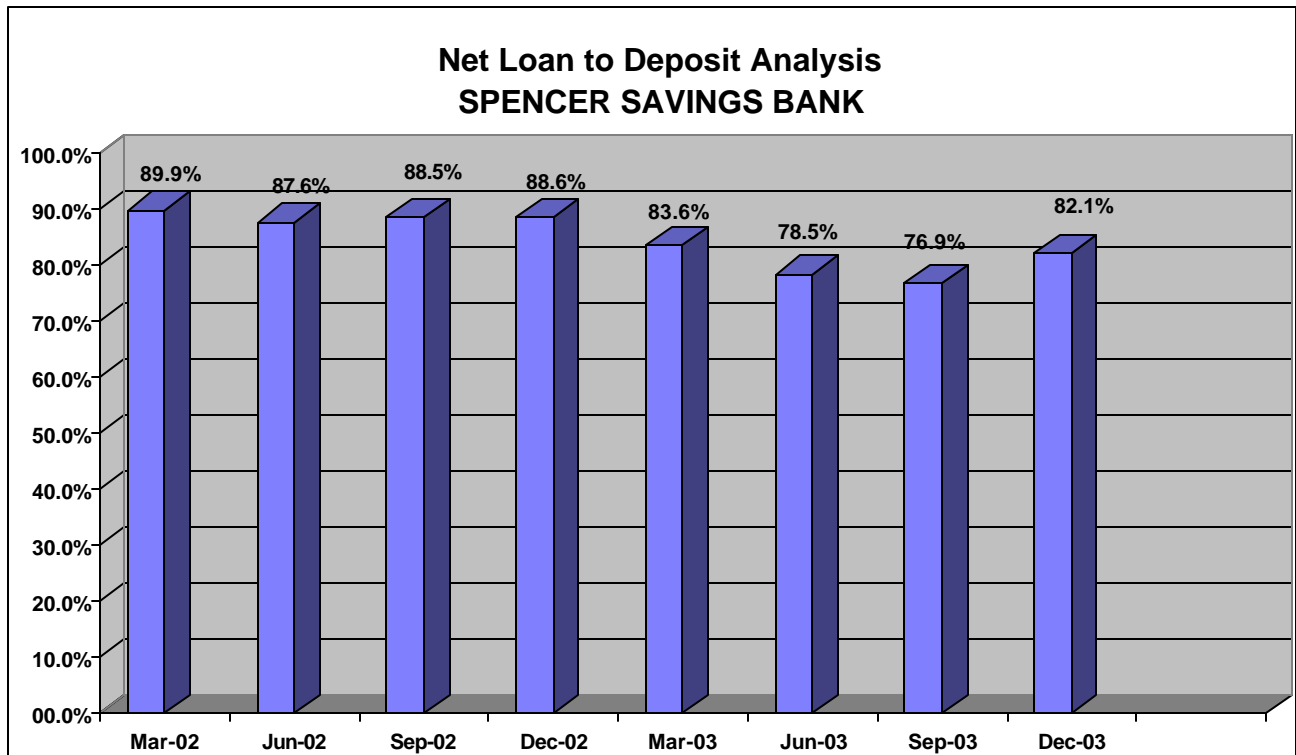
## **PERFORMANCE CRITERIA**

### **1. LOAN TO DEPOSIT ANALYSIS**

An analysis of the Bank's net loan to deposit ratio was performed during the examination. The calculation incorporated eight quarters of the Bank's net loan to total deposit figures utilizing the FDIC quarterly call reports. This review included the quarters ending March 31, 2002 through December 31, 2003.

The Bank's average loan to deposit ratio during the period under examination was determined to be 84.5%. The ratio has declined overall, with several fluctuations from a high of 89.9% (on March 31, 2002) to a low of 82.1% (on December 31, 2003). The overall decrease in the this ratio can be attributed in part to a 2.5% negative growth in loans and a 6.7% growth in deposits. The Bank has also experienced negative loan growth for the period under review, in part, because the Bank sells loans to FNMA. In 2002, the Bank sold 207 loans totaling \$24,161,895 and in 2003, 447 loans were sold totaling \$56,613,246.

The following graph illustrates the Bank's Net Loan to Deposit ratios.



A comparison to the Bank's peer group as provided by the Federal Financial Institution's Examination Council's (FFIEC) Uniform Bank Performance Report (UBPR) was also performed. Peer consists of all FDIC insured savings banks having assets of between \$100 million and \$300 million. As of December 31, 2003, the Bank's net loans and leases to deposits ratio was 82.1% well above the peer group level of 76.7%.





## LOAN TO DEPOSIT ANALYSIS (continued)

In summary, although the Bank's loan-to-deposit ratio declined for the period under review it remains strong. This is evident, when considering peer information and the level of loans the Bank sold during the period under review.

Based on the above information and the Bank's capacity to lend, the strong market competition from other institutions in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the assessment area, the Bank's loan to deposit ratio exceeds the standards for satisfactory performance.

### 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Data regarding the Bank's HMDA reportable lending activity for 2002 and 2003 was reviewed to determine the proportion of loans originated within the assessment area by number and dollar amount. Lending data was obtained from the Bank's Loan Application Register (LAR) filed under the provisions of the Home Mortgage Disclosure Act (HMDA).

The Bank originated 1,432 HMDA-reportable loans for a total of \$174 million in 2002 and 2003 combined. Of these, 1,078 loans, representing 75.3 percent of the total loans, were originated in the assessment area. By dollar amount, these loans totaled \$126 million or 72.7 percent. Of the loans originated within the assessment area, 60.8 percent were for refinances, 22.2 percent were for conventional home purchases and 16.8 were for home improvement loans.

Spencer accounted for the largest percentage of originations by number with 23.0 percent, followed by Oakham/Rutland with 10.8 percent. Spencer also accounted for the largest dollar volume of originations with 20.2 percent, followed by Oakham/Rutland with 10.0 percent. Refer to the following table for additional information regarding the Bank's HMDA-reportable lending, by both number and dollar volume.

Distribution of HMDA Reportable Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2002	486	75.8	53,154	73.8	155	24.2	18,826	26.2
2003	592	74.8	73,325	71.9	199	25.2	28,638	28.1
Total	1,078	75.3	126,479	72.7	354	24.7	47,464	27.3

Source: HMDA /LAR, CRA Wiz

## COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S) (continued)

Based on the above information, it is evident that the majority of the number and dollar amount of the Bank's HMDA reportable loans have been extended within its assessment area. Therefore, the Bank's level of lending within its assessment area meets the standards for satisfactory performance.

### 3. LENDING TO BORROWERS OF DIFFERENT INCOMES

An analysis of the Bank's lending activity among borrowers of different income levels within the assessment area was conducted. The Bank's 2002 and 2003 HMDA reported loan originations were categorized by the ratio of the borrower's reported incomes to the Worcester Metropolitan Area's (or to the Non Metropolitan Statistical Areas') median family income, depending on the location of the property. These income figures are based on estimated Department of Housing and Urban Development (HUD) information. Refer to the following table for a breakdown of the estimated 2002 and 2003 HUD median family incomes.

MSA	2002	2003
Worcester MA-CT	\$58,400	\$68,000
Non-MSA Areas	\$52,100	\$60,300

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as 50 to 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income greater than 120 percent of the median family income.

The following table compares the Bank's distribution of loans among borrowers of different income levels (for 2002) to that of the HMDA aggregate lenders and to the distribution of households within the assessment area (by income levels).

Distribution of HMDA loans by Borrower Income				
Median Family Income Level	% Total Households Per 1990 Census Data	Aggregate Lending Data (% of #)	2002	
		2002	#	%
Low	18.8	2.6	30	6.2

<b>Moderate</b>	14.6	12.9	79	16.3
<b>Middle</b>	20.6	27.4	142	29.2
<b>Upper</b>	46.0	44.4	218	44.9
<b>N/A</b>		12.7	17	3.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>486</b>	<b>100.0</b>

Source: 1990 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

## LENDING TO BORROWERS OF DIFFERENT INCOMES (continued)

During 2002, the Bank extended 30 loans to low-income borrowers, representing 6.2 percent of the total loans originated within the assessment area. This is well below the 18.8 percent of low-income households within the assessment area. However, this is reasonable based on the price of housing in the assessment area and the overall market conditions which make credit opportunities for low-income borrowers limited. When compared to other lenders in the assessment area, the Bank outperformed the aggregate 6.2 percent to 2.6 percent.

In 2002, the Bank originated 79 loans to moderate-income borrowers, representing 16.3 percent of the total originations within the assessment area. This percentage is higher than the 14.6 percent of moderate-income households within the assessment area and exceeds the aggregates 12.9 percent.

The following table compares the Bank's 2003 borrower income distribution to the distribution of family households within the assessment area.

Distribution of HMDA loans by Borrower Income			
Median Family Income Level	% Total Households per 2000 Census Data	Year-to-date 2003	
		#	%
<b>Low</b>	19.3	38	6.4
<b>Moderate</b>	13.6	131	22.1
<b>Middle</b>	19.3	194	32.8
<b>Upper</b>	47.8	223	37.7
<b>N/A</b>		6	1.0
<b>Total</b>	<b>100.0</b>	<b>592</b>	<b>100.0</b>

Source: 2000 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

In 2003, the Bank extended 38 loans to low-income borrowers, representing 6.4 percent of the total loans originated within the assessment area. This is well below the 19.3 percent of low-income households within the assessment area. However, this can be attributed to the fact that approximately 5.0% of these individuals are living below the poverty level. In addition, the price of purchasing a home in this market makes it difficult for a low-income individual to qualify for a home loan.

In 2003, the Bank originated 131 loans to moderate-income borrowers, representing 22.1 percent of the total originations within the assessment area. This percentage is well above the 13.6 percent of moderate-income households within the assessment area.

In addition, the Bank had the number one market share in lending to low and moderate-income borrowers with 8.8 percent followed by Countrywide Home Loans with 5.8 percent.

## LENDING TO BORROWERS OF DIFFERENT INCOMES (continued)

The distribution of HMDA-reportable loans by borrower income demonstrates the Bank's willingness to lend to borrowers of all income levels, especially those of low- and moderate-income. Therefore, the Bank is considered to exceed the standards for a satisfactory performance in this category.

### 4. GEOGRAPHIC DISTRIBUTION OF LOANS

The table below shows the number of HMDA reportable loans in comparison to the number of owner-occupied housing units in each census tract. In addition, the Bank's HMDA reportable loans were compared to that of all other HMDA-reporters in the assessment area. The most recent data available for this analysis relates to calendar year 2002. Refer to the following table for details.

Distribution of HMDA Loans by Income Category of the Census Tract				
Census Tract Income Level	% Total Owner- Occupied Housing Units per 1990 Census Data	Aggregate Lending Data (% of #)	2002	
		2002	#	%
Moderate	4.5	3.5	22	4.5
Middle	66.7	65.1	434	89.3
Upper	28.8	31.4	30	6.2
Total	100.0	100.0	486	100.0

Source: 1990 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

As shown in the above table, 4.5 percent of the Bank's total loans for the period under review were within the one moderate-income census tract located in Brookfield and mirrors the assessment area's owner-occupancy rate of 4.5 percent and outperforms the aggregates 3.5 percent. In addition, when compared to the 283 lenders within its assessment area in lending in the moderate-income census tract, the Bank was ranked number one with a market share of 8.0 percent.

The above table also demonstrates that the Bank's HMDA-reportable loans in middle-income census tracts was higher than the aggregate while performance in upper-income census tracts was lower than the aggregate.

## GEOGRAPHIC DISTRIBUTION OF LOANS (continued)

The following table compares the Bank's 2003 geographic lending distribution to distribution of owner-occupied units, based on 2000 Census data.

Distribution of HMDA Loans by Income Category of the Census Tract			
Census Tract Income Level	% Total Owner-Occupied Housing Units per 2000 Census Data	Year-to-date 2003	
		#	%
Moderate	10.5	118	19.9
Middle	51.7	413	69.8
Upper	37.8	61	10.3
Total	100.0	592	100.0

Source: 2000 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

As shown in the table, the Bank originated 118 loans (or 19.9 percent) within its two moderate-income census tracts, located in Spencer and Warren, exceeding the percentage of owner-occupied units (10.5 percent).

Based on the above information, the Bank is considered to have an excellent geographic distribution of loans in its assessment area including the moderate-income tracts. Hence, the Bank exceeds the standards for a satisfactory performance.

## 5. REVIEW OF COMPLAINTS

The Bank has not received any complaints regarding its CRA performance since the previous examination

## FAIR LENDING POLICIES AND PRACTICES

The Bank's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

The Bank's Fair Lending policy is incorporated within the general loan policy and addresses pertinent fair lending concerns. In addition, Bank management has established a CRA committee that meets quarterly to discuss all CRA issues.

The Bank has a second review process in place for all declined loan applications to insure that the loan policies are adhered to. No evidence of discriminatory patterns of practices was noted during the examination.

## **FAIR LENDING POLICIES AND PRACTICES (continued)**

As of March 1, 2004 the Bank had 62 full time, 26 part time and 7 on-call employees. Four employees are fluent in Spanish, five in French, one in Dutch, and one in Ukrainian. Employees of the Bank updates its employees on consumer compliance, CRA, and fair lending issues. However, there is no formal training policy in effect.

The Bank's management and staff has developed relationships with several area organizations, which assist in its monitoring of community needs as well as informing the community of the credit services offered by the institution. For example: Quahog Valley Business Corporation; Spencer Housing Authority; Warren Economic Development Commission; Leicester Sewer District; and Financial Literacy Program Quahog Regional High School.

The Bank's lending policy is reviewed annually by the Board of Directors. The policy covers general underwriting standards and includes all loan product descriptions and terms offered.

The Bank offers a Mass Housing Finance Agency (MHFA) first time homebuyers program with flexible underwriting standards with as little as 5% down. In 2002, the Bank originated 9 loans totaling \$987,703 under the MHFA first time homebuyers program.

The Bank also offers a MHFA septic repair loan to repair or replace failed septic systems. In 2002, the Bank originated 9 loans totaling \$138,515 and in 2003, the Bank originated 4 loans totaling \$80,800 under this loan program.

In addition, the Bank offers a MHFA home improvement loan program geared to accommodate low and moderate income families. In 2003, the Bank originated one loan totaling \$8,100 under this program.

The Bank attempts to meet the credit needs of its community through its continued involvement in the Quabog Valley Business Assistance Corporation. This organization is a loan consortium involving five local institutions that provides commercial loans to businesses that cannot necessarily qualify or obtain financing through traditional channels. The Bank has committed a \$50,000 line of credit to this program. In 2002, the Bank extended \$35,831. In 2003, the Bank extended \$23,755 under this program. As of February 29, 2004 the outstanding balance in the account was \$16,456.



## MINORITY APPLICATION FLOW

The Bank received a total of 27 mortgage applications within the assessment area from various minority groups, representing 2.1 percent of all HMDA reportable loan applications received in 2002 and 2003. Of these, 22 (or 81.5 percent) were originated. The HMDA aggregate lenders in 2002 received 3.3 percent of all the residential applications from various minority groups. In comparison, the Bank's minority applicants in 2002 represented 2.3 percent of all applicants. The table following provides further details.

MINORITY APPLICATION FLOW								
Racial Designation	Aggregate Data 2002		2002		2003		Totals	
	#	%	#	%	#	%	#	%
Native American	25	0.3	3	0.5	1	0.2	4	0.3
Asian	40	0.4	2	0.3	0	0.0	2	0.2
Black	31	0.3	0	0.0	2	0.3	2	0.2
Hispanic	40	0.4	1	0.2	0	0.0	1	0.1
Joint	92	0.9	6	1.1	10	1.4	16	1.1
Other	99	1.0	1	0.2	1	0.1	2	0.2
<b>Total Minority</b>	<b>327</b>	<b>3.3</b>	<b>13</b>	<b>2.3</b>	<b>14</b>	<b>2.0</b>	<b>27</b>	<b>2.1</b>
White	6,244	63.2	555	96.5	677	96.6	1,232	96.6
N/A	3,316	33.5	7	1.2	10	1.4	17	1.3
<b>Total</b>	<b>9,887</b>	<b>100.0</b>	<b>575</b>	<b>100.0</b>	<b>701</b>	<b>100.0</b>	<b>1,276</b>	<b>100.0</b>

In addition, the institution's minority application flow is compared to the racial composition of the assessment area. The table details the assessment area's racial composition for the 1990 and 2000 U.S. Census.

Change in Assessment Area Racial Demographics					
Race	1990 Census Data		2000 Census Data		% Change in Number of Persons
	#	%	#	%	
Native American	88	0.1	146	0.2	65.9
Asian	434	0.6	458	0.6	5.5
Black	341	0.5	450	0.6	31.9
Hispanic	586	0.8	935	1.2	59.6
Other	14	0.0	627	0.7	4378.6
White	72,752	98.0	77,253	96.7	6.2
<b>Total Persons</b>	<b>74,215</b>	<b>100.0</b>	<b>79,869</b>	<b>100.0</b>	<b>7.6</b>
<b>Total Minority</b>	<b>1,463</b>	<b>2.0</b>	<b>2,616</b>	<b>3.3</b>	<b>78.8</b>

The assessment area's total population increased by 7.6 percent while the total minority population increased by 78.8 percent. The Native American and Hispanic communities increased by 65.9 and 59.6 percent, respectively. However, the racial group called "other" experienced the largest increase of any minority category with a 4378.6 percent growth. Given the racial composition and the HMDA aggregate application data, the Bank's level

of attracting minority applicants is considered to be reasonable with the exception of the Asian and Black groups that were below the assessment area's demographics.

**THE COMMONWEALTH OF MASSACHUSETTS**

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

**SPENCER SAVINGS BANK**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **March 8, 2004**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.